

What are surplus funds?

Any monetary contribution that was received for an election, not spent on the election, still in your possession and control after the election is held, and not needed to pay campaign debt from the election.

What can I do with my surplus funds?

A candidate may dispose of surplus funds using one or more of these options:

1. Refund the contribution(s). Don't return more money to a contributor than you received from that source!
2. Reimburse yourself for earnings lost as a result of your campaign activities. Lost earnings must be verifiable as unpaid salary, or if you are not salaried, the amount reimbursed should not exceed income received by you for services rendered during an appropriate, corresponding time period.
3. Transfer the surplus without limit to a political party or to a caucus political committee.
4. Make a donation to a charity that is registered with the Secretary of State's office.
5. Give it to the state treasurer for the state's general fund, the oral history, state library, and archives account, or the legislative international trade account.
6. Spend it on non-reimbursed public office-related expenses if you are elected. You must register a surplus funds account with the Public Disclosure Commission and file surplus funds account expenditure reports if you choose this option. A "non-reimbursed public office-related expense" is an expenditure incurred by an elected or appointed official, or a member of his or her immediate family, solely because of being an official. [[WAC 390-24-032](#)] If the official incurs a non-reimbursed public office-related expense that also, in any manner, could be considered personal in nature, PDC staff recommends paying the expenditure with personal funds, and then seeking reimbursement from a surplus funds account only for that specific portion that is directly related to his or her elected office.
7. Leave the surplus funds in the campaign account for possible use in a future election campaign for the same office that you were campaigning for when the contributions were received. Surplus funds may be spent on a campaign for a different office, but only with the contributor's written permission. This means that you would have to work through the last contributors to the earlier campaign and determine who gave the contributions that remain on hand. Then, contact those contributors and ask them for written permission. Once you obtain written permission, the surplus funds may be transferred to the new campaign as a lump sum.

Can I give my surplus funds to another candidate?

No.

Am I required to open a separate bank account for surplus funds?

Only if you are spending your surplus funds on non-reimbursed public-office related expenses. A surplus funds bank account is a perpetual account – each time you run for office and are left with surplus funds, they may be deposited into the surplus funds bank account regardless of which office you sought. (e.g., Surplus funds from a city council campaign can be deposited into an account that contains surplus funds from a state legislative campaign.) Only surplus funds can be deposited into the surplus funds bank account!

Do I have to report how I spend my surplus funds?

Yes.

- A candidate who does not open or move surplus funds to a surplus funds account continues to file C-4 reports to disclose surplus fund spending. These C-4 reports are filed monthly or, if spending is sporadic, file the C-4 whenever more than \$200 has been spent since the last C-4 report was filed.
- A candidate who opens a surplus account registers the account. Use the campaign committee name + "surplus funds" for the name of the committee. File monthly C-4 reports showing expenditures. At the end of each month, if you have not spent \$200 since the last surplus funds account C-4 report was filed, you may wait until you do and then file a report for multiple months. Note: Money transferred to a surplus funds account should be reported by the campaign as an expenditure.

When can I close a surplus funds account?

When the balance reaches \$0. File the last C-4 report and indicate that it is the "final" report.

Can I invest my surplus funds?

Yes. Campaign funds or surplus funds may be invested in bonds, certificates, tax-exempt securities, savings accounts or other similar instruments in financial institutions or in mutual funds. Financial institutions other than banks, savings and loan associations, and credit unions may NOT be used as the campaign depository into which contributions are deposited and out of which campaign expenditures are made. However, brokerage houses and other financial institutions may be used for investing campaign funds so long as the investment by the brokerage house or other institution is in the form of bonds, certificates, tax-exempt securities, and mutual funds.

Notify the PDC when you invest campaign or surplus funds:

- Notify PDC by letter of the date, amount and the name of the financial institution where the surplus is invested. Do not report the investment as an expenditure on Schedule A or on the C-4 report.
- Deposit all interest, dividends or income earned by the investment into the investment account. Re-port this income as miscellaneous receipts on line 1d of the C-3 report.
- When the investment is terminated, re-deposit the principal plus the accrued earnings into the original campaign account. Notify PDC by letter that this redeposit has been made. Do not report this transfer as a contribution on the C-3.
- Check with the IRS or your personal tax consultant about any tax liability that the investment may create.

What is a non-reimbursed public office-related expense?

A "non-reimbursed public office-related expense" is an expenditure incurred by an elected or appointed official, or a member of his or her immediate family, solely because of being an official. [WAC 390-24-032](#) If the official incurs a non-reimbursed public office-related expense that also, in any manner, could be considered personal in nature, PDC staff recommends paying the expenditure with personal funds, and then seeking reimbursement from a surplus funds account only for that specific portion that is directly related to his or her elected office.

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